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Ministry  
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Extraordinary operating expenditures are those expenses that are not common to all school boards and areas. The amount of this expenditure – and hence the grant – will vary according to the circumstances affecting a board such as debt charges, greater need for building projects, or need for more extensive transportation services.

As extraordinary expenditures are created primarily by circumstances that cannot be controlled, the level of provincial support is higher than for ordinary expenditures. The intention is to reduce the impact on the local taxpayer of these approved "extraordinary" variables which are not common to all school boards.

#### **Weighting factors**

This is a term used to describe how regional differences and variations in educational needs and services and in the cost of such services are accounted for and measured. Through the application of "weighting factors", the regular per pupil grants are adjusted upward to reflect the special needs and costs that apply in the particular circumstances. Such factors include special education; compensatory education services (necessitated by discrepancies in the socio-economic character of various areas across the province); French-English mixed composite schools; language programs for New Canadians; and technical and vocational education programs. Other factors reflect regional differences in the cost of goods and services (such as in Northern Ontario); differences in size of schools and school boards (smaller schools and school boards have a higher pupil unit cost); and variations in salaries paid to teachers because of different levels of experience and qualifications.

#### **How is expenditure controlled?**

The provincial government realizes that, in the final analysis, all of the money spent on education comes out of one pocket: the taxpayer's. That's why all school boards are required to publish financial statements that give actual expenditures. In this way, all citizens are able to keep a watchful eye on the financial activities of their local boards and can let their elected representatives know how they feel about the way the tax dollar is being used.

# Education: Where does the money come from?

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It's not difficult to understand why education costs a lot of money. In Ontario free access to education is the right of every child, including youngsters who are in hospital, who have a physical handicap, and who need special help to overcome a learning problem. As well, education is a public service that provides learning opportunities for every community: hundreds of thousands of adults enrol each year in continuing education programs and special interest courses offered through school boards.

All of this points up the fact that one of the marks of a democratic society is the value it places on the quality and equality of education for its citizens – a value that is reflected in its willingness to allocate public money for this purpose. Naturally, the value of a person's learning doesn't always have a price tag, but the commitment to maintain a province-wide education system to foster and support that learning inevitably leads to a large and extensive operation.

#### Some facts and figures

For 1978 the total expenditure on elementary and secondary school education comes close to 3.7 billion dollars. This is a large amount of money – but you get a lot for those dollars.

The money basically provides the necessary facilities, instruction, programs, and services for some two million young people in over 5000 elementary and secondary schools, in schools for the visually- and hearing-handicapped, and in institutions for the mentally retarded and emotionally disturbed. At the same time it's important to remember that much of this public money comes right back into individual communities as the education system is a major source of employment in many cities and areas: approximately 100,000 teachers plus some 30,000 to 40,000 other professionals and support staff (administrators, accountants, secretaries, bus drivers, maintenance staff) are employed by school boards. A lot of people are plugged into the educational network.

#### Questions and answers

Naturally, there are some basic questions that any citizen is likely to ask. *Where does the money come from? How is it divided up? What's it spent on? Who pays for what?* This brochure has been designed to answer as simply as possible some basic questions about the financing of elementary and secondary school education in Ontario. Detailed answers to such questions can be found in the annual financial statement that each school board is required to publish or send to each taxpayer.

#### How is the money for education raised?

The money is raised in two ways: through local taxation and through the provincial treasury.

1. If you own property or operate a business, you probably know that a significant portion of what you pay in municipal taxes each year is actually an education tax. If you rent a house or apartment, you contribute indirectly through your landlord's property taxes. Corporations are also taxed for school support. The educational portion of municipal taxes – roughly 50 per cent – is turned over to the appropriate school board. On average, a homeowner pays from \$350 to \$500 a year for educational services. This is a lot of money but consider what you pay annually for health services and for car insurance.
2. However, on a province-wide basis, local taxation on commercial and residential property provides only approximately 46 per cent of the total cost of elementary and secondary education. The remainder – almost 2 billion dollars for 1978 – is provided by the provincial government in the form of direct grants to school boards. The province obtains these funds from several sources: taxes that it levies on items like gasoline, alcohol, and tobacco; the Ontario sales tax; and the provincial share of income taxes.

There are two types of publicly supported school boards in Ontario: one responsible for the operation of what are commonly referred to as public elementary and secondary schools, and another responsible for the operation of Roman Catholic separate schools. (For information on how school boards operate, write for the brochure entitled *Your School Board: Get in Touch.*)

#### How is the money distributed?

The money that the province provides for education is distributed by grants to school boards. Approximately 54 per cent of the total cost of elementary and secondary school education in Ontario is paid for through the provincial treasury. The grant plan is designed to bring together two important ideas: local responsibility and equality of educational opportunity.

In terms of *local responsibility*, the grants are allocated to local school boards on a "block" basis so that they can establish their own priorities and use the money in accordance with their own policies and programs. In terms of *equality of educational opportunity*, the grant plan operates in such a way that the financial burden of each school board is directly related to what it spends. This means that all school boards – no matter how large or small their local taxation wealth – have an identical mill rate for a comparable level of expenditure.

The reason for this is that some municipalities are able to raise more money for education than others.

Municipalities that have many industries, businesses, and costly homes are able to collect more tax money per pupil than those that have few or no industries. The Ministry of Education makes up for these differences by awarding grants to boards according to the ability of the boards to raise their own funds. The less money a board is able to raise locally, the larger the grant it receives. This equalizing principle means that no area of the province need have a "lower" standard of education (as a result of the taxes it can raise) than another. It ensures that children in all parts of the province – regardless of local circumstances – receive comparable facilities, services, and quality of education.

#### How the grant structure works

The formula for awarding grants takes into account two types of operating expenditure: *ordinary* and *extraordinary*.

*Ordinary operating expenditures* are all the common and standard costs of maintaining and operating schools such as the cost of salaries, heat, light, maintenance, supplies, supervision, administration, etc. It is very much like the known expenses on which any family sets its own basic budget.